

1940/9B.

NEW SOUTH WALES.

BUSINESS STATISTICS - 16th SEPTEMBER, 1940.

Money continues to flow freely in commerce and relatively low interest rates prevail. A material recovery of the stock exchange indicates general confidence. Oversea imports seem to be decreasing and the trade position may improve. The building industry is active. Railway results in July were exceptionally favourable. Some rain has fallen, but until drought-breaking rain falls the rural outlook will cause anxiety.

C O N T E N T S.

PART

I

Season: Some rain but copious falls needed.

Export Prices and External Trade Conditions: Export prices steady. Eggs for export. Conditions in U.K. Proposed U.K.-Argentina agreement. Business activity increasing in U.S.A. Japanese trade mission to N.E.Indies.

Currency Relationships: Sterling firm in New York. U.S. gold stock. U.S. Import-Export Bank Act and Canadian borrowing.

Wool: Appraisements proceeding. Clip lower in weight and quality. U.S.A. security stock. Average appraised price in Sydney, 1939-40.

Wheat: Big American harvests. Prices steady. Local trade dull.

Butter: Intra-state quota, Sept., 1940. Production in N.S.W. factories, July and May-July, 1940. Pay for cream, North-coast factories, Aug., 1940.

Metals: Tin cheaper in London. Tin statistics. Export parity prices of Aust. metals, July, 1940.

II Bank Clearings - Sydney: August and Jan.-Aug., 1940.

Real Estate - N.S.W. Sales and Mortgages: August & Jan.-Aug., 1940.

Stock Exchange - Sydney: August, 1940.

Interest Rates - Mortgages: June-August, 1940.  
Bonds: August-Sept., 1940.

Oversea Trade-Australia: August and July-Aug., 1940.

III

Buildings Commenced,  
- Metrop. Water Board Area: August and Jan.-Aug., 1940.

Railways, N.S.W.: Operating results - July, 1940.

PART I PRIMARY AND EXPORT INDUSTRIES.

SEASON. Moderate rains fell over the southern and central sections of the wheat belt last week, which may arrest the deterioration of wheat crops in some places. On the western fringe and in the north-west many crops have failed already, and the 1940-41 harvest is likely to be below average.

Copious rainfall is needed everywhere. Stock generally have withstood the long dry spell and bountiful spring rains would quickly change the pastoral outlook.

EXPORT PRICES AND  
EXTERNAL TRADE  
CONDITIONS.

Contracts for supply of primary products to the United Kingdom in 1940-41 represent, in the main, renewals of those of last year. When the meat agreement (negotiations for which indicate a more favourable position than was expected) is completed undertakings are expected to reach a value of £A120 million. Export prices are practically stabilised and are (Commonwealth Bank index No. 82 per cent. of 1927 average) about equal to the average in the years 1936 to 1938 when economic conditions were prosperous. Munitions and war materials are likely to add substantially to export income. Egg production has increased in N.S.W.; 2.7 mill. doz. have been packed for export up to mid-September compared with 1.25 m. doz. in the corresponding period of last year.

The heavy bombing of London has interrupted business activity, but stock and commodity exchanges are functioning and according to press reports industrial output in the United Kingdom has been affected relatively little. Prices of industrial securities in London eased only slightly and are higher than at the opening of the month, while the bond market has actually strengthened; old war loan bonds last week were highest since 1938. On August 15 there were 799,452 persons unemployed in Great Britain. This was 27,814 less than on July 15, 1940 and 432,240 less than in August, 1939.

The British and Argentine Governments are considering an agreement to permit British purchases on credit of between £30 m. and £40 m. of Argentine meat and grain, with, possibly, transport of commodities by former United States ships now sailing under flags of Central American countries.

The New York Stock exchange was dull last week as a result of "intensification of the air raids (on Britain) and the weakened technical position..resulting from the recent rise." Business activity is increasing in the United States; steel production has reached 92 per cent. of capacity and retail trade, the highest level since 1929. The increase in the rubber quota is another example of Anglo-American economic co-operation.

The outcome of the Japanese trade mission now in the Netherlands East Indies may have economic implications for Australia.

CURRENCY  
RELATIONSHIPS.

Quotations of sterling on the free market in New York have shown only very slight fluctuation, and on Sept. 14 sellers were asking \$4.04 to £stg. compared with the official rate in London of \$4.03 to £stg., \$4.02 to £stg. a year ago and an average of \$3.28 during May, 1940.

It is revealed that the United States stock of monetary gold now exceeds \$21,000 m. compared with \$16,646 m. at the end of August, 1939. The United States holds 70 per cent. of the world's monetary gold and American authorities regard the gold position as a serious problem.

An addendum to the United States Export-Import Bank bill (authorising loans of \$500 m. to Western Hemisphere countries) inserted by the Senate removes the prohibition under the Neutrality Act upon loans to Canada. Technically, if the law is passed in this form, this would open the way to indirect borrowing (through Canada) from the United States by other Empire countries. At this distance, and until the measure is dealt with by the House of Representatives, the motives behind the Senate move and the possible consequences are incapable of assessment.



# PART I (Continued)

WOOL. Appraisement of 1940-41 wool began in Sydney on August 19 and, as the wool is appraised payment of 95 per cent. of appraised value is being made to growers. The difficult season experienced is reflected in the quality (as well as in lighter clips) of the wool, and in many instances the appraised value is below that secured last season. To meet the demand for suitable wool for military textiles crossbred and comeback wool is being given preference in submission for appraisement.

According to a review by the National Council of Wool Selling Brokers the average appraised price of greasy wool in Sydney in 1939-40 was 12.55d. a lb. With addition of  $8\frac{1}{2}$  per cent. equalisation payment the average price was 13.62d. a lb. or slightly above the agreed average for Australia (13.4375d. a lb.).

In Britain home trade is light and manufacturers are giving special attention to export markets, for which purpose wool is released freely by the Ministry of Supply. In the five months ended May exports of woollen and worsted fabrics were 43.3 mill. sq.yds. in 1940 and 39.8 m. sq.yds. in 1939. A suggestion that Australian wool should be stored in the U.S.A. on U.K. account has attracted interest in Britain. From Boston it is reported that the U.S. Defence Advisory Commission is negotiating for the storage in Boston of 250 m. lb. of Australian and New Zealand wool to be held in bond and drawn upon by the United States in an emergency. Storage costs and any excess freight charges are to be met by the U.S. Government. The message states that shipment is expected to begin at the end of this month.

There is hope of greater consumption of Australian wool in the United States for both military and civil purposes.

The course of wool prices in Sydney was as follows:-

## AVERAGE PRICE OF GREASY WOOL IN SYDNEY.

	<u>1926-29.</u>	<u>1931-33.</u>	<u>1936-37.</u>	<u>1937-38.</u>	<u>1938-39.</u>	<u>1939-40.</u>
Pence (Aust.) per lb.	17.2	8.5	16.4	12.7	10.3	13.6

WHEAT. Latest information supports earlier forecasts of small harvests in Europe. Official estimates just published indicate production of 784 m. bus. in U.S.A. and 561 m.b. in Canada; a total increase of 94 m.b. on July estimates.

Probably because prices are pegged in Canada wheat futures quotations in Chicago have reacted but little to this further deterioration in the statistical position. Actually December options rose  $6\frac{1}{8}$  cents to  $76\frac{3}{8}$  cents a bus. between Aug. 16 and Sept. 13. In Winnipeg Dec. futures have been pegged at  $74\frac{5}{8}$  cents a bus. since June 25, 1940.

The local wheat market is dull, and no important export sales have been reported.

On Sept. 11 a third payment on No. 1 Pool (1938-39 wheat) of  $1\frac{3}{4}$ d. a bus. was made, making a total payment of 2s.  $7\frac{3}{4}$ d. a bus. for bulk wheat, f.o.r., Australian port.

The Board's selling prices for wheat in Sydney are unaltered at (per bus.ex trucks, Sydney) 4s.  $2\frac{1}{4}$ d. for bagged and 3s.  $11\frac{1}{4}$ d. for silo wheat for local consumption and small export orders.

The price of flour in local trade is unchanged at £12.10s. a ton (including tax).

## PRICES OF WHEAT IN NEW SOUTH WALES.

	Season ended Nov.			August.		Sept. 13, 1940.
	1931-35.	1937.	1939.	1939.	1940.	
<u>Bulk Wheat.</u>	Shillings and pence per bushel.					
Ex trucks, Sydney	2 9 $\frac{1}{2}$	5 3	2 5	2 3	3 11 $\frac{1}{4}$ (b)	3 11 $\frac{1}{4}$ (b)
Equiv., ex farm at Country Siding (a)	2 2 $\frac{1}{2}$	4 8	1 9 $\frac{1}{2}$	1 7 $\frac{1}{2}$	(c)	(c)

(a) Exclusive of bounty. (b) Prices for sale for local Consumption.

(c) Advances made give farmers about 2s.5d.(net) a bus. Further payments depend upon realisations for the whole 1939-40 crop.

/BUTTER .....

# PART I (Continued)

**BUTTER.** Conditions have improved as a result of recent rain on the North Coast, but elsewhere principal dairying districts in New South Wales are in poor condition. The quota fixed for September, 1940, allowing 54 per cent. of the butter made to be sold within the State is higher than usual (comparing with 42 per cent. in Sept. 1939) and is a reflection of the unfavourable dairying outlook in the principal butter producing States of the Commonwealth. Quotas in September of recent years were:-

	<u>1936.</u>	<u>1937.</u>	<u>1938.</u>	<u>1939.</u>	<u>1940.</u>
Sept. Quota.	51%	57%	48%	42%	54%

In New South Wales factories 5,047,000 lb. of butter was made in July, 1940, or  $1\frac{1}{2}$  million lb. less than in July, 1939, though 6 per cent. above the average for July, 1934-38. Production in the three months ended July was 40 per cent. below the record level in the winter of 1939.

## BUTTER PRODUCED IN NEW SOUTH WALES FACTORIES.

	<u>Aver.,</u> <u>1932-36.</u>	<u>1936.</u>	<u>1937.</u>	<u>1938.</u>	<u>1939.</u>	<u>1940.</u>
July Mill.lb.	5.44	4.99	4.16	4.44	6.58	5.05
May-July "	20.14	18.71	16.40	16.40	24.78	17.40

For cream supplied in August, 1940 certain North Coast factories are paying farmers 13d. a lb. of butter made. This is 1d. a lb. more than the pay in August, 1939 and compares with prices in recent years as follows:-

## PAY TO SUPPLIERS OF CREAM TO CERTAIN NORTH COAST FACTORIES, N.S.W.

	<u>Mar.</u>	<u>Apr.</u>	<u>May.</u>	<u>June.</u>	<u>July.</u>	<u>Aug.</u>	<u>Deferred Pay</u> <u>Jan.-June.</u>
Pence per lb. of commercial butter made.							
1934	7	8	$9\frac{1}{4}$	$9\frac{1}{4}$	$9\frac{1}{2}$	10	$1\frac{1}{8}$ (a)
1937	11	$11\frac{1}{2}$	$12\frac{1}{4}$	$12\frac{1}{2}$	$13\frac{1}{2}$ ∅	$13\frac{1}{2}$ ∅	1 (a)
1938 ∅	$12\frac{1}{4}$	13	$13\frac{1}{2}$	$14\frac{1}{2}$	14	14	$1\frac{5}{8}$ (a)
1939 ∅	$12\frac{1}{2}$	$12\frac{1}{4}$	$12\frac{1}{4}$	$12\frac{1}{2}$	$12\frac{1}{2}$	12	1.06(a)
1940 ∅	$12\frac{5}{8}$	$12\frac{3}{4}$	13	$13\frac{1}{4}$	$13\frac{1}{4}$	13	$1\frac{3}{4}$ (a)

∅ Cartage charges (about  $\frac{3}{8}$ d. a lb.) paid by factories.

(a) This payment is additional to that shown for each of the relevant months.

As the price of butter is fixed in local wholesale trade (at 158s.8d.cwt.) and for export under the contract for 1940-41 with the British Ministry of Food (at 137s.2d. cwt.) returns to dairy farmers will vary from those of a year ago only in respect of the quantity and quality of production. Butter prices in recent years were as follow:-

## PRICES OF BUTTER - EXPORT AND LOCAL.

	<u>Average - Season ended June.</u>				<u>September.</u>	
	<u>1929-32.</u>	<u>1933-36.</u>	<u>1937-39.</u>	<u>1939.</u>	<u>1939.</u>	<u>1940.</u>
	Shillings (Australian) per cwt.					
Export Parity	135	88	122	123	137(a)	137(a)
Local Sales.	173	134	150	159	159	159

(a) Agreed price for British purchase, 1939-40 and 1940-41.

**METALS.** There has been no change in the prices fixed by the British Ministry of Supply for lead (£25), spelter (£25.15s.) and electrolytic copper (£62) per ton (sterling prices) delivered to buyer, duty paid. In the open market in London silver has been steady in price at approximately 1s.11 $\frac{1}{2}$ d. (stg.) an ounce.

/There has.....



# PART I (Continued)

There has been a gradual decline in the price of tin over the past seven weeks; on Sept. 13 the price (per ton) was £243.5s. compared with £269.2s.6d. on July 31, 1940. Present prices, however are much above the average in any recent year.

Tin production has increased greatly since the production quota was raised in July (for 12 months) from 100 to 130 per cent., and world visible supplies increased from 27,542 tons in June, to 32,569 tons in August, 1940. Malayan tin producers are working to capacity and very profitably. Sales of tin to U.S.A. are providing a valuable addition to the Empire's dollar resources. Statistics issued by the International Tin Research and Development Council for the six months ended June 1939 and 1940 compare as under:-

<u>Half-year ended June.</u>	<u>World Tin Production.</u>	<u>Consumed in United Kingdom.</u>	<u>Deliveries in U.S.A.</u>	<u>World Stocks at June 30.</u>
	tons.	tons.	tons.	tons.
1939	63,200	10,341	30,000	39,368
1940	102,900	15,740	50,609	40,783

Comparisons of the prices (export parities) received in oversea markets for Australian metals are appended. Prices for tin and silver show fluctuations in the open market in London and other base metals are governed, in the main, by those fixed under contracts with the British Ministry of Supply. There was an increase of nearly 30 per cent. in the export price of spelter between May and July, but the cause of the increase is not known:-

## AVERAGE PRICES OF METALS (EXPORT PARITY, f.o.b.) - AUSTRALIA.

	Silver. (Standard) oz.	Lead. (Electrolytic) ton.	Spelter. (Electrolytic) ton.	Tin. (Standard) ton.	Copper. (Electrolytic wire bars.) ton.
	s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Aver., 1937	2 1.0	27 9 3	29 1 6	292 16 5	73 10 8
" 1938	2 0.1	17 12 11	19 12 10	228 11 10	55 15 2
" 1939	2 1.4	17 12 1	19 15 3	268 3 6	59 15 1
" July, 1939	1 9.1	16 19 1	19 14 6	273 3 3	59 17 8
" Jan., 1940	2 2.2	19 7 7	21 6 9	276 8 9	60 12 6
" May "	2 2.2	18 12 8	21 17 9	301 18 7	60 12 6
" June "	2 3.2	18 11 9	24 5 8	316 10 1	60 12 6
" July "	2 2.6	18 10 2	28 5 8	301 3 5	60 12 6

## PART II. FINANCE AND TRADE.

**BANK CLEARINGS.** In August, 1940 cheque transactions as measured by inter-bank clearings in Sydney were 11.6 per cent. greater in amount than in August, 1939. Clearings in the eight months ended August were £706.6 million in 1940 and £601.6 m. in 1939. The increase is partly due to war finance transactions and increased business on account of Governmental war contracts but also to materially higher export prices and increased rural production in 1939-40, some increase in commodity prices generally, and widespread stimulation of industry and employment by heavy war expenditure.

Necessarily, some forms of activity have been curtailed and may diminish further, but as the expanded war programme will involve public spending on a still greater scale, active business conditions are likely to prevail in the coming months, even if unevenly.

In the three months ended August, 1940 the index number of inter-bank clearings (118) was a record and 19 points higher than in June-August, 1939. In the three months of this year clearings were swollen by final wool payments, the second wheat advance, and transactions connected with the subscription of money for war finance.

### INTER-BANK CLEARINGS - SYDNEY.

	Amount. (a)		Index Number. (b)
	August.	Jan.-Aug.	June-Aug.
	£ million.	£ million.	1926-30=100.
1929	84.1	701.2	108
1937	70.0	612.2	98
1938	72.9	614.5	101
1939	74.9	601.6	99
1940	83.6	706.6	118

(a) Excluding Treasury bill transactions.

(b) The index is adjusted to eliminate the effects of bank amalgamations and special governmental transactions but not for changes in price levels.

**REAL ESTATE.** Sales of real estate registered in New South Wales in August, 1940 fell appreciably below the average value in recent months and were less than in August for any year since 1935. Possibly the lower total for last month may be connected with the general hesitancy during the serious Allied reverses in May and June, and prove to be a temporary interruption of the improving tendency of the preceding months. Recently agents report a strong market, especially for investment residential property, with good enquiry for factory sites and buildings and from prospective owner-occupier housebuyers, but, as yet, the volume of sales registered show no evidence of an increase in business.

The amount of mortgages recorded in August was lowest for any month for six years.

Figures for the eight months ended August show decreases in 1940 compared with 1939 of 10 per cent. in the amount of sales and 27 per cent. in the total for mortgages. Other comparisons are:-

### REAL ESTATE TRANSACTIONS - NEW SOUTH WALES.

	Month of August.		Eight Months ended August.	
	Sales.	Mortgages. ♂	Sales.	Mortgages. ♂
	£000	£000	£000	£000
Aver. 1925-29x	(4,619)	(4,042)	(36,952)	(32,336)
1937	2,925	1,771	24,546	15,303
1938	4,262	2,184	25,761	17,834
1939	3,068	2,770	22,445	16,172
1940	2,259	1,099	20,112	11,754

♂ Includes normal renewal of mortgages in 1925-29. Renewals were rendered unnecessary in many cases by the Moratorium Act, 1930.

x Monthly and eight months averages.

/STOCK.....



## PART II. (Continued.)

STOCK EXCHANGE. Early in July prices of ordinary company shares on the Sydney Stock Exchange began a gradual recovery (interrupted slightly early in August) which became more marked early in the present month. The average value of ordinary company shares rose within 10 per cent. of the highest point of this year and was some 15 per cent. above the lowest point reached in the week following the invasion of the Low Countries. Shares in each principal type of enterprise appreciated in value but adverse seasonal conditions have retarded the recovery in pastoral company shares. (In the last few days, however, markets here and abroad have eased slightly in reaction to intensified air bombing in Britain.)

Strengthening of share markets in London and in New York (where war developments were believed to favour Britain and where the armament programme is expected to promote great economic activity) was the leading market influence.

The index number of average value of ordinary company shares in Sydney in August was 4.8 points higher than in June, 1940, though still 11 per cent. below that for August, 1939. Compared with the preceding month, the greatest gain in value (11.8 points) was in retail company shares, followed by pastoral and finance (7.4 points) and manufacturing (5.4 points) company shares. Detailed comparisons are as follow:

### INDEX OF VALUE OF ORDINARY COMPANY SHARES - SYDNEY STOCK EXCHANGE.

(Excluding Banks - Par Value = 100.)

Average for Month.	Shares in Companies engaged in -					75 Companies.	34 Active Shares.
	Manu- facturing and dis- tributing.	Retail Trade.	Public Utilities.	Pastoral and Finance.	Insur- ance.		
1929-Apr. (a)	179	184	129	174	244	174	173
1931-Sept. (b)	72	60	88	75	121	74	77
1937-March (c)	214	204	181	169	281	190	200
1939-Aug.	213	168	156	118	264	174	182
1940-Jan.	229	174	152	132	270	182	195
-June	187	138	129	110	233	151	160
-July	192	138	128	105	225	151	162
-Aug.	197	150	131	112	226	155	168

(a) Pre-depression peak. (b) Lowest point. (c) Highest point.

INTEREST RATES. Mortgages. In this field, interest rates, which were hardening until early in the present year, have declined appreciably over the past six months. On private first mortgages secured on rural property the weighted average rate in the three months ended August, 1940 (4.9%) was the lowest of any three-monthly period for two years, having decreased more than one-half per cent. since the beginning of the year. Loans with urban securities carried an average rate of 5.6 per cent., showing a decrease of nearly one-quarter per cent. over the same period.

Average rate of interest in three-monthly periods (ended in the month shown) illustrating recent movements are:-

<u>Private First</u> <u>Mortgages, N.S.W.</u> <u>1939 and 1940.</u>	<u>July.</u>	<u>Dec.</u>	<u>Apr.</u>	<u>June.</u>	<u>July.</u>	<u>Aug.</u>
	Weighted average rate of interest. % p.a.					
Rural Mortgages	5.1	5.5	5.2	5.0	5.0	4.9
Urban "	5.6	5.8	5.7	5.6	5.6	5.6

/National.....

PART II. (Continued).

National Security regulations providing a war service moratorium have been gazetted postponing for members of the forces payment of principal on mortgages and contracts for the sale of land (unless otherwise decided by the Court) and fixing a maximum rate of interest of  $5\frac{1}{4}$  per cent. per annum.

The following comparisons show that at the current level mortgage interest rates are for rural mortgages only slightly higher and for urban mortgages less than one-half per cent. higher than the record low averages for the year 1935:-

AVERAGE RATE OF INTEREST ON PRIVATE FIRST MORTGAGES, N.S.W.

	Average - Calendar Year.						June-August.	
	1934.	1935.	1936.	1937.	1938.	1939.	1939.	1940.
	Weighted Av. rate of interest - per cent. per annum.							
Rural Mortgages	5.1	4.8	4.9	5.0	5.0	5.2	5.4	4.9
Urban "	5.3	5.2	5.2	5.3	5.4	5.6	5.5	5.6

Government Securities. Early in September 1940 the interest yield on Government securities returned to the lowest level of the war period, bond prices showing a moderate margin above the fixed minima. On September 5 the average interest return on bonds of five or more years maturity was £3 6s.1d. per cent. This was the same overall average as on May 9 but in the interval the market for longer-dated stock has improved slightly, the yield on bonds maturing in over 15 years having fallen from £3 8s. 4d. to £3 7s. 11d. per cent.

The Federal election campaign has not affected the market. No major loan operation has taken place since the £20 million war loan of May-June, 1940, but flotation of another war loan is likely soon. Early this month the Melbourne and Metropolitan Board of Works offered a public cash and conversion loan of £1,027,000 at  $3\frac{3}{4}$  per cent. at par for 12 years to redeem loans maturing on Oct. 1, 1940. A loan of £500,000 at  $3\frac{3}{4}$  per cent. for 12 years has been underwritten for the Sydney County Council. This is the lowest rate of interest for a local authority loan for several years.

Trends in interest yield on Government securities are illustrated below:-

NET REDEMPTION YIELD ON AUSTRALIAN CONSOLIDATED LOANS.

	With maturities of -			
	Over 5 to 10 years.	Over 10 to 15 years.	Over 15 years.	Over 5 years (Overall rate).
	Average net redemption yield - per cent. per annum.			
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Average - 1935	3 9 7	3 10 1	3 13 9	3 11 1
- 1938	3 14 5	3 15 0	3 15 10	3 15 0
" Jan-June, 1939.	3 17 9	3 18 4	3 18 4	3 18 1
" September, "	4 1 0	4 1 1	4 1 9	4 1 3
May 9, 1940	3 4 7	3 5 4	3 8 4	3 6 1
May 30, "	3 5 9	3 8 3	3 9 6	3 7 8
August 29, "	3 5 4	3 7 3	3 8 1	3 6 9
September 12, 1940	3 3 10	3 6 4	3 7 10	3 5 10

OVERSEA TRADE, AUSTRALIA. In August, 1940 the value of merchandise exported (£stg.8.53 m.) was greater than in August of any earlier year and 31.7 per cent. greater than in August, 1939. The increase was due in part to higher export prices, and in part to the more even distribution between months of exports owing to wartime control of shipping.

/Imports.....



## PART II (Continued.)

Imports (£stg.8.75m.) decreased sharply compared with recent months, and were 5 per cent. below the value in August, 1939. Shipping uncertainties render month to month comparisons of doubtful significance, but this decrease is perhaps an indication that import restrictions are now having effect. The course of merchandise trade in the first twelve months of the war and during the preceding twelve months was as follows:-

	Merchandise Exports (£stg.m.)						Merchandise Imports (£stg.m.)					
	Sept- Dec.	Mar. Qr.	June Qr.	July.	Aug.	Sept.- Aug.	Sept. Dec.	Mar. Qr.	June Qr.	July.	Aug.	Sept.- Aug.
1938 & '39	37.9	24.6	21.0	6.6	6.5	96.6	32.6	25.1	23.5	8.9	9.2	99.3
1939 & '40	38.0	32.5	31.9	9.2	8.5	120.1	29.2	35.0	33.2	12.6	8.8	118.8

Thus, during the first war year exports increased in value sufficiently to finance substantial purchases of raw and finished war materials and to meet increased costs of ocean transport without major change in the commodity balance of trade. Import restrictions and local production of munitions etc. (of which exports may become substantial) should tend to strengthen the trade position, though reduced primary production due to the adverse rural season will be a modifying factor.

## OVERSEA TRADE (MERCHANDISE ONLY) - AUSTRALIA. ø

	August.		July and August.				
	1939.	1940. <sup>x</sup>	1936.	1937.	1938.	1939.	1940. <sup>x</sup>
Merchandise -							
Exports	6.47	8.53	9.95	14.98	13.04	13.05	17.83
Imports	9.21	8.75	15.75	17.79	18.23	18.06	21.37
Commodity Balance	-2.73	- .22	-5.80	-2.81	-5.19	-5.01	-3.54

ø Particulars of bullion and specie not available for publication.

x. Preliminary. Minus sign (-) denotes decrease.

# PART III INDUSTRIES.

## BUILDING INDUSTRY.

### Buildings Commenced - Metropolitan Water Board Area. (Includes Government buildings)

In recent months the value of buildings commenced has risen and in August (£1.05 m.) was again high. In Jan.-Aug. totals were £8.54 m. in 1939 and £8.96 m. in 1940. Building activity has decreased in the city. In the suburbs an increase in value is mainly for houses, flats and miscellaneous buildings. There is a substantial though reduced amount of commercial building in progress.

Though almost equal in value houses commenced in the last 4 months decreased in number by 9% in comparison with May-Aug., 1939, but were 9% greater numerically than in the first 4 months of this year.

Buildings to cost £1,052,000 were commenced in the Metropolitan Water Board Area in August, 1940. This was within £28,000 of the amount in August of last year but £289,000 less than in August, 1938. In the eight months ended August, 1940 the aggregate (£8,956,000) was greater than in the corresponding period of any recent year and nearly 5 per cent. greater than in Jan.-Aug., 1939. Monthly totals have fluctuated, but three months moving averages show an irregular rising trend, and comparability with the high averages of two years ago. Substantial activity in providing military camps, defence and other public buildings contributed to this result.

	Monthly Average value for Three months ended -								Total Eight Months.
	Jan.	Feb.	Mar.	Apr.	May.	June	July	Aug.	
	£000	£000	£000	£000	£000	£000	£000	£000	
1937	707	679	697	763	857	868	967	992	6,972
1938	1127	1047	1020	983	1072	1083	1163	1214	8,947
1939	909	930	1025	1040	1096	1090	1096	1082	8,537
1940	990	971	1018	956	1097	1138	1221	1136	8,956

Decreased building activity in the City of Sydney has been more than offset by an increase elsewhere in the Metropolitan Water Board Area. Comparative particulars of value of buildings commenced are:-

	City.			Suburbs.		
	1938.	1939.	1940.	1938.	1939.	1940.
August £000	380	68	100	961	1112	952
Jan.-Aug. £000	1645	1447	1261	7302	7090	7695

Latterly there has been a revival of house-building and in July and August the amount for houses was greater than in the corresponding months of any recent year and 20 per cent. above the average for the first six months of 1940. One city building (a showroom) to cost £75,000, and hutments at an air force camp (£30,000) were commenced in August, 1940.

Details for the eight months ended August (given below) show that the value of houses and flats commenced has increased - the former above any recent year, and the latter in comparison with any year other than 1938. The amount for business premises (shops, offices, factories &c.) has decreased, but is still relatively high. Hospitals and military camps account for a large part of the increase shown under the heading of "miscellaneous."



## PART III (Continued)

## BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.

Including new buildings, additions, etc. and  
Government Buildings.

Type of Building.	August.		Eight months ended August.				
	1939.	1940.	1936.	1937.	1938.	1939.	1940.
	Value in Thousands of Pounds.						
Dwelling Houses	636	531	2683	2522	4045	4083	4120
Flats	247	181	1248	1208	1833	1431	1553
Business Premises(a)	228	267	1944	2654	2649	2340	2184
Miscellaneous (b)	69	73	369	588	420	683	1099
Total	1180	1052	6244	6972	8947	8537	8956

(a) Shops, offices, factories, etc. (b) Theatres, Churches, Schools, Hospitals, etc.

Building undertaken by persons seeking security of capital in real estate and by wage earners in the lower income scales with liberal Government advances, as well as public building, each have a part in the recent increase. Building costs have risen during the war and shortages in supply of some lines of building materials, including imported timber, are beginning to appear. Allowing for higher costs, the present volume of building is rather less than that of two years ago.

DWELLINGS. In this Area 629 dwelling houses were commenced in August 1940. The number was 136 and 148 less than in August, 1939 and 1938, respectively, but slightly above the average in earlier months of this year.

A greater number of the more expensive type and many low-priced houses (under the Government scheme for wage-earners) have been built recently. This, coupled with particulars of value, implies a decrease in erection of houses of the intermediate class; an implication which accords with the diminished activity of co-operative building societies. (See B.S. 1940/8B. of 15.8.40.)

The number of houses commenced in the eight months of this year (4,832) was 229 (or 4½%) less than in the corresponding period of 1939, but comparing the last four months there was a decrease of 9 per cent. This is but one element in housing. Particulars of value (and numbers in metropolitan building permits) show a much greater decrease in the number of flat dwellings being provided. Trends in house-building in this Area are as follow:-

NUMBER OF DWELLING HOUSES COMMENCED - METROPOLITAN WATER BOARD AREA.  
(Flats are not included).

	Month of August.	March Quarter.	June Quarter.	September Quarter.	December Quarter.	Year ended August.
1936	398	1273	1251	1668	1195	5,003
1937	544	1152	1212	1618	1592	5,299
1938	777	1267	1857	2120	1853	7,215
1939	765	1859	1785	2034	1663	7,634
1940	629	1740	1720	-	-	7,112

RAILWAYS. In July, 1940 railway revenue exceeded £2 million for the first time for a single month. This was due to a record in goods ton mileage, and an increase in the number of passengers carried compared with July, 1939. Gross revenue was £469,000 greater and working expenses only £31,000 greater than in July, 1939 and the excess of revenue over working expenses reached £808,000 compared with £370,000. Practically all classes of goods were moved in larger quantity than a year before. This was partly due to "damming up" during the coal stoppage, though the acceleration of war industries and war activities, with consequent general reactions, must have contributed to the result. Of the latter, the recent increases (compared with decreases in earlier months) in passengers is symptomatic:-

/TABLE .....

## PART III (Continued)

	<u>Dec.</u> <u>Qr.</u> (Preceding)	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May.</u>	<u>June.</u>	<u>July.</u>
Railway Passenger Journeys (million).								
1939	48.5	16.3	14.8	14.7	15.1	15.6	14.8	15.2
1940	45.3	15.7	14.2	15.3	15.0	14.3	15.5	15.5

Other statistical comparisons of railway operation are appended:-

## NEW SOUTH WALES GOVERNMENT RAILWAYS.

	Year ended June.			Month of July.		
	Passenger Journeys.	Goods ton mileage.	Working Surplus. ø	Passenger Journeys.	Goods Ton mileage.	Working Surplus. ø
	Million.	Million.	£000	Million.	Million.	£000
1932	128.4	1,472	2,491	11.0	93.6	201
1937	177.8	1,810	5,461	15.1	146.4	439
1938	189.3	1,938	5,726	15.6	162.1	372
1939	186.7	1,842	4,603	15.2	146.6	370
1940	179.1	1,914	5,308	15.5	238.3	808

ø Excess of earnings over working expenses, exclusive of interest, etc. charges, amounting in 1938-39 to £6,575,000.